



August 8, 2003

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AUG - 8 2003

Ms. Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street, S.W.
Washington, D.C. 20554

Federal Communications Commission
Office of Secretary

Re: Petition to Deny – WC Docket No. 02-215

Dear Ms. Dortch:

Transmitted herewith on behalf of the Office of Communication of the United Church of Christ, Inc. ("UCC") is an original and four (4) copies of its Petition to Deny in the above-referenced docket

Should any questions arise concerning this matter, please contact this office directly.

Respectfully submitted,


Gregg P. Skall

Enclosures

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**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554**

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AUG - 8 2003

**Federal Communications Commission
Office of Secretary**

In the Matter of)

Applications for Consent to Assign and/or Transfer)
of Control of Licenses and Authorizations Filed by)
WorldCom, Inc. (Debtor-in-Possession) and MCI, Inc.)

WC Docket No. 02-215

To: Chief, Wireline Competition Bureau
Chief, Wireless Telecommunications Bureau
Chief, International Bureau
Chief, Media Bureau

PETITION TO DENY

The Office of Communication of the United Church of Christ, Inc. ("UCC"), by counsel, hereby submits its Petition to Deny (the "Petition") the applications for assignment and/or transfer of control of licenses and authorizations filed by Worldcom, Inc. (Debtor in Possession) and MCI, Inc. in the above-captioned docket. UCC seeks: (1) the denial of the assignment applications (the "Assignment Applications"); (2) designation of WorldCom's Assignment Applications for hearing to determine that WorldCom is unfit to be a Commission licensee; and (3) to ensure that WorldCom's FCC Authorizations are only assigned to an assignee with clean hands and with sufficient character qualifications.

Petitioner has the full support of the United Church of Christ. Attached hereto as Exhibit A is a copy of the document, "A THEOLOGICAL RESPONSE TO CORPORATE GREED" adopted by the 24th General Synod of the United Church of Christ, meeting in Minneapolis from July 11-15, 2003. This resolution says, in part, "Therefore, let it be resolved that the Twenty-fourth General Synod of the United Church of Christ calls on local congregations, Associations, Conferences, and the national settings of the church, as well as interest groups and institutions

related to the United Church of Christ to...4. Support the licensing challenge of OC, Inc. (Office of Communications, Inc.) at the Federal Communications Commission, which has called into question the legitimacy of the post-bankruptcy WorldCom's operations by citing its past history of operating outside the public good."

The following is shown in support thereof:

I. Background

After perpetrating the "largest instance of corporate fraud in the history of U.S. commerce,"¹ WorldCom, Inc. and its subsidiaries commenced a bankruptcy proceeding pursuant to Chapter 11 of the U.S. Bankruptcy Code.² Thereafter, WorldCom filed certain applications seeking the Commission's consent to assign substantially all of the FCC Authorizations issued to, or held by, WorldCom, Inc. and its subsidiaries from WorldCom, Inc. and its subsidiaries to WorldCom, Inc., as the Debtor-In-Possession (the "Debtor in Possession Applications").

WorldCom has now filed the applications in the above-captioned docket in furtherance of its efforts to emerge from bankruptcy. For the reasons set forth herein, grant of proposed transaction will not serve the public interest.

II. UCC Has Well Detailed WorldCom's Unfitness to be a Commission Licensee

UCC filed an Informal Objection to the Debtor in Possession Applications on October 15, 2002 detailing the enormity of WorldCom's fraud upon the public and requesting denial of the Debtor in Possession Applications because WorldCom lacked sufficient character to hold

¹ Christopher Stern & Kathleen Day, *U.S. Ready to Charge WorldCom Ex-Officers, Ebberts May Be Among Target, Source Says*, The Washington Post, July 26, 2002 ("*Ebberts May Be Among Target*")

² On July 21, 2002, WorldCom, Inc. and its subsidiaries filed a petition under Chapter 11 of the Bankruptcy Code. 11 U.S.C. §§ 101, et seq. The case is before the U.S. Bankruptcy Court for the Southern District of New York ("Bankruptcy Court").

licenses and authorizations issued by the FCC. That submission is on file with the Commission, a matter of public record and is incorporated by reference herein

By a public notice released December 5, 2002, the Wireless Telecommunications Bureau granted the Debtor in Possession Applications and denied UCC's Informal Objection stating that the Debtor in Possession Applications "results merely in a change in the status in which the licensee holds its licenses – from WorldCom to WorldCom as Debtor-in-Possession." See FCC Public Notice "Wireless Telecommunications Bureau Grants Applications for Assignment of Licenses to WorldCom, Inc. and Its Subsidiaries as Debtors In Possession," DA 02-3350, released December 5, 2002.

Denial of UCC's Informal Objection was "without prejudice to UCC's right to raise its objections in a more appropriate procedural context." *Id.* To this day, the Commission has not ruled on the merits of UCC's Informal Objection.

According to long standing Commission policy, disqualifying allegations such as those raised by UCC against WorldCom do not simply vanish. In cases where the Commission does not reach the merits of a potentially disqualifying issue, e.g., because the underlying application is dismissed, the Commission considers the allegations at the next appropriate opportunity (e.g., in connection with a subsequent application). See e.g., *Allegan County Broadcasters, Inc.*, Memorandum Opinion and Order, 83 FCC 2d 371, at para. 6 (1980); *Inquiry into Alleged Abuses of the Commission's Processes by Applicants for Broadcast Facilities*, Order, 4 FCC Rcd 6342 (1989); *Trinity Broadcasting of Florida, Inc.*, Hearing Designation Order, 8 FCC Rcd 2475, at para. 5 (1993)(subsequent history omitted).

UCC submits that this docket presents the appropriate procedural context for consideration and resolution of its allegations. Its Informal Objection is on file with the Commission, a matter of public record and is incorporated by reference herein.

UCC also petitioned the Commission seeking the adoption of a Notice of Proposed Rulemaking and the initiation of a Section 403 inquiry (the "Rulemaking Petition") regarding the establishment of new standards of conduct to be required of all telecommunications providers receiving authorizations to operate from the Commission. *See Public Notice*, Report No. 2585, released December 5, 2002 and *In re Request for Initiation of Proceeding Into Character of WorldCom, Inc. and Other Commission Licensees, Motion for Extension of Time, Order*, DA 02-3502, released December 19, 2002. Beyond release of this public notice, the Commission has not taken any action on the Rulemaking Petition.

UCC submitted comments in response to the Rulemaking Petition and supplemental comments after the release of the Report of Investigation of the Special Investigative Committee of the Board of Directors of WorldCom, Inc. ("SIC Report") and the Second Interim Report of Bankruptcy Examiner Dick Thornburgh ("Thornburgh Report"). UCC's Rulemaking Petition, comments and supplemental comments are all on file with the Commission, a matter of public record and are incorporated by reference herein.

Each of the aforementioned submissions provides further detailed information regarding the extent of the fraud and the depth of the misrepresentations perpetrated and made by WorldCom.

New revelations demonstrate that WorldCom's accounting fraud may only represent the tip of the iceberg. As has been widely reported, the Justice Department is currently investigating allegations that WorldCom engaged in a course of conduct designed to avoid paying billions of dollars in access fees. It has now been revealed that the Commission has also opened an inquiry

into these allegations.³ These latest allegations beg the question “By what other ways and means was WorldCom engaging in fraudulent conduct?”

Even more recently, finding that “MCI WorldCom lacks the necessary internal controls and business ethics” the General Services Administration (“GSA”) proposed to debar WorldCom from competing for new government contracts.⁴ Both the Thornburgh Report and SIC Report were central to this determination.

At a bare minimum, the Commission cannot act on these assignment applications until it completes its inquiry into the access charge allegations. Any adverse findings it makes in that regard must reflect adversely upon the qualifications of the assignee in this proceeding. The GSA’s adverse findings, as well as any adverse findings by the Justice Department in its access charge inquiry must likewise reflect adversely upon its qualifications.

III. The Commission Must Exercise its Jurisdiction

The involvement of other government agencies in the review of WorldCom’s conduct should not deter the Commission from conducting its own investigation and reaching its own conclusions. The Commission cannot simply rely on the work of others, but must conduct its own investigation on the qualifications of its existing and proposed licensees. For all of the reasons previously identified at length in UCC’s prior submissions, **only the Commission is qualified to establish policy for the telecommunications infrastructure.**

CONCLUSION

Wherefore, the premises considered, Office of Communication of the United Church of Christ, Inc. respectfully requests that the Commission deny the applications under consideration

³ UCC submits that the Commission ought to expand that inquiry to include consideration of the issues raised in its Rulemaking Petition.

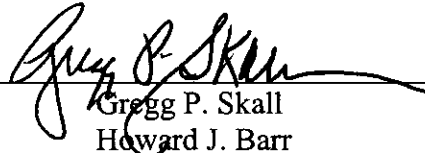
⁴ *Id.*, (emphasis added)

and that it designate the applications for hearing for a determination on WorldCom's fitness to be a Commission licensee.

Respectfully submitted,

**OFFICE OF COMMUNICATION OF THE
UNITED CHURCH OF CHRIST, INC.**

By: _____



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Howard J. Barr

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PLLC**

1401 Eye Street, N.W., Seventh Floor
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202/857-4400

Its Attorneys

August 8, 2003

Exhibit A

A THEOLOGICAL RESPONSE TO CORPORATE GREED

Submitted by: Justice and Witness Ministries

Summary

This resolution calls upon all settings of the United Church of Christ to take several measures, including legislative advocacy, pension reform, and support for those working on corporate social responsibility, to hold corporations more accountable to their shareholders, employees, and consumers.

Biblical and Theological Rationale

The biblical narrative begins in Genesis with God at work. Repeatedly, God calls God's work "good," and humankind, created in the image and likeness of God, is called to work creatively, as God did. In the commandments we are reminded that work is a natural part of who we are and what we are called to be: "Six days you shall labor, and do all your work" (Ex. 20:9).

Abundance that stems from the natural world and human activity is an implied condition of our covenant with God throughout Hebrew Scriptures. God gave manna in the wilderness (Ex. 16), and the widow of Zarephath had meal in her jar and oil in her jug (1 Kgs. 17:8–18). But when the just distribution of wealth is violated and when there is an imbalance in resources, God's wrath is kindled (Am. 5: 11–12). The greater the imbalance in possessions, the more intense is God's wrath. Greed is intolerable, and unbridled greed leads to apostasy (Ps. 10:3) and strife (Prov. 28:25). Jeremiah regards the greediness of his people as a principle cause of their decline and impending subjugation to Babylon (Jer. 6:13, 22:17).

God speaks through the prophet Micah, decrying corporate (and personal) greed: "Can I tolerate wicked scales and a bag of dishonest weights? Your wealthy are full of violence; your inhabitants speak lies, with tongues of deceit in their mouths" (Mic. 6:11–12). Micah and other Hebrew prophets expressed God's outrage with the commercial dishonesty of their day—cheating with fraudulent scales and measures and lying for financial gain.

In the Christian Scriptures, although money in itself is not considered evil, the desire to become rich can be a source of spiritual danger and social misery. When the rich young man confronts Jesus,

what precludes him from inheriting eternal life is not his wealth per se, it is that he so loves his money that he will not part with it (Lk. 18:18–28). The early church determined that a just and equitable distribution of this abundance was "each, according to their need" (Acts, 2:44–45, 4:32–35; 2 Cor. 8:1–15).

Although the General Synod of the United Church of Christ "confessed and stated our Christian conviction to struggle against all forms of economic justice in the world" ("Christian Faith, Economic Life and Justice," The Seventeenth General Synod), we must confess that the church has not always acted in accord with this principle. Nonetheless, the gospels are clear on this topic. Rooting out greed in the corporate body of the institutions of society is the basis of a host of Jesus' parables (Lk. 12:15f).

The church must always be vigilant not only of its own actions but also of the actions of the institutions around it. Paul recognizes systemic greed as a major sin (Rom. 1:29, Eph. 5:3). And James warns: "Come now you rich people, weep and wail . . . Listen! The wages of the laborers who mowed your fields, which you kept back by fraud, cry out, and the cries of the harvesters have reached the ears of the Lord of hosts. You have lived on the earth in luxury and in pleasure; you have fattened your hearts in a day of slaughter. . . . See, the Judge is standing at the doors!" (Jm. 5:1–9).

Background: Greed and Fraud in Corporate America

Today, cheating and lying in the marketplace is one of the grave sins in our society. With discerning ears, we may hear God crying out, right now, about corruption and wrong dealing in the marketplace. The false dealing does not just involve a few marginal companies. Some of the biggest and most well-known firms in the United States have faced charges or have been under investigation, including accounting giants Arthur Anderson, Ernst & Young, KPMG, and Coopers & Lybrand (now part of Pricewaterhouse Coopers); banks Citigroup and J. P. Morgan Chase; WorldCom (once worth over \$100 billion but now in bankruptcy with \$40 billion in debt), Enron; Merrill Lynch; MicroStrategy; Waste Management, Inc.; Sunbeam; Boston Chicken; Xerox; Kmart; Tyco International, Adelphia, and ImClone.

1 The problem is not a few rogue companies but
2 widespread “infectious greed,” to quote Federal
3 Reserve Chairman Alan Greenspan. Through it all,
4 CEO pay has risen to unprecedented levels. In 1999
5 the average CEO was paid 411 times the pay of
6 the average worker in his or her company. In 1982
7 the average difference was forty-two times. The
8 value to companies of such high levels of compen-
9 sation of CEOs and upper management has been
10 widely questioned (“The Great CEO Heist,” *For-*
11 *tune Magazine*, and studies by Jeffrey Sonnenfeld,
12 Yale School of Management).

13
14 Pay differentials are driven by greed and misman-
15 agement of corporate resources. Boards of direc-
16 tors seek to keep profits in the family among large
17 shareholders and top management at the expense
18 of workers, communities, and other stakeholders
19 with little or no say in corporate decision-making.
20 As one of many examples, Enron executives, in a
21 practice that was a direct transfer of resources from
22 the shareholders to their own bank accounts, re-
23 ceived cash bonuses of \$750 million in a year when
24 the total profit for the company was \$975 million.
25 These sums are unimaginable to hardworking or
26 unemployed members of the world community
27 struggling to feed their families on a minimum
28 wage or less.

29
30 Corporate crime, shareholder fraud, and account-
31 ing and banking scandals have resulted in a slow-
32 down in the larger economy. These abuses directly
33 harm workers through job loss, wage reductions,
34 and loss of retirement security. Moreover, to the
35 extent that corporate fraud and mismanagement
36 result in a loss of investor confidence, all Ameri-
37 cans and people around the world are impacted.
38 People of faith are called to respond to this injus-
39 tice.

40 41 **Background: Jobs and Retirement Security** 42 **at Risk for Workers**

43 The WorldCom bankruptcy, the largest in U S his-
44 tory, capped a period covering 2000–2002 in which
45 over half a million people lost their jobs in tele-
46 communications alone. Twenty-three telecom-
47 munications companies went bankrupt, account-
48 ing for over \$2 trillion of the \$7 trillion loss in stock
49 market capitalization over this period. The buildup
50 and collapse of the stock-market bubble, driven in
51 part by fraudulent corporate practices, severely
52 reduced the value of stock holdings in pension
53 funds, mutual funds, and defined contribution
54 401(k) accounts. As a result, millions of workers
55 will have less retirement savings as retirement sav-
56 ings have disappeared virtually overnight.

57
58 Enron employees alone lost over \$2 billion in re-
59 tirement savings. These workers were hurt by a
common practice where companies paid into an

employee’s retirement account with company stock
rather than cash. Enron employees were restricted
from selling company stock. Enron executives,
aware that phony profit numbers would be exposed
and would likely cause the collapse of the com-
pany, cashed out at \$80 per share, while most pen-
sion-holding workers had to wait to sell as they
watched the stock value plunge to a low of eighty
cents per share. Pensioners and current workers
depending on public retirement funds and other
defined benefit plans which held stock in these
mismanaged companies have yet to feel the full
impact of corporate fraud on their dreams for re-
tirement.

Resolution

WHEREAS, General Synods of the United Church
of Christ have historically relied on government
regulation to protect the common good (“Resolu-
tion Affirming Government’s Role to Protect the
Common Good,” The Twenty-first General Synod),
and

WHEREAS, General Synods of the United Church
have repeatedly called for just economic practices
of companies (“Christian Faith and Economic Jus-
tice,” The Seventeenth General Synod; “Ethical
Guidelines in Labor Relations,” The Twentieth
General Synod), and

WHEREAS, it is a known practice of many com-
panies to stretch accounting practices beyond le-
gal bounds and sound business principles in order
to boost profits and inflate stock prices, and

WHEREAS, many members of corporate boards
of directors have received special multimillion-
dollar, low-interest loans, special consulting con-
tracts, and other benefits, while failing to properly
oversee the business practices of their firms, and

WHEREAS, many corporate insiders buy and sell
stock based on confidential information not avail-
able to the general public, reaping large gains while
minimizing losses, even though it is often illegal
to do so, and

WHEREAS, it has been the practice of many se-
curities firms to provide biased investment advice
to clients to boost sales of the stocks they are sell-
ing through their investment banking division, and

WHEREAS, several energy firms manipulated
the newly deregulated markets for electricity to bilk
customers of billions of dollars, while banks made
loans to shore up shaky companies and then helped
firms conceal the true size of their corporate debt
and the risk to shareholders, and

WHEREAS, the Securities and Exchange Com-
mission (SEC), which was created after the 1929

1 stock market crash to protect investors and main-
2 tain the integrity of the stock market, has been
3 weakened by decades of underfunding and deregula-
4 tion, and

5
6 **WHEREAS**, President Bush, in the FY2004 bud-
7 get, has proposed increasing funding for SEC en-
8 forcement, but not at a level adequate to maintain
9 federal regulatory practices severely weakened by
10 budget cuts in the past, and

11
12 **WHEREAS**, many companies have pursued a
13 business model in which the primary purpose of a
14 corporation is to benefit a small, select group of
15 board and management insiders, and

16
17 **WHEREAS**, some public companies have adopted
18 weak corporate governance practices, leading to
19 undemocratic practices, in which boards of direc-
20 tors and key committees of the board are not inde-
21 pendent and operate in isolation of other key stake-
22 holders, and

23
24 **WHEREAS**, the social vision of corporations is
25 often limited to a single-minded focus on maxi-
26 mizing short-term gains to the exclusion of all other
27 business goals and responsibilities,

28
29 **THEREFORE LET IT BE RESOLVED**, that the
30 Twenty-fourth General Synod of the United Church
31 of Christ calls on local congregations, Associations,
32 Conferences, and the national settings of the
33 church, as well as interest groups and institutions
34 related to the United Church of Christ, to support
35 the following measures that will lead to a higher
36 standard of corporate behavior and stronger pen-
37 sion protections for workers, retirees, and future
38 generations

39
40 1 Support legislation that makes it easier for work-
41 ers to diversify holdings in a company-provided
42 401 (k) plan and that lifts restrictions on when
43 employees can sell company stock.

44
45 2. Support legislation that would lead to just pen-
46 sion reform. This would include strengthening the
47 three legs of retirement security—Social Security,
48 employer-provided defined benefit plans (tradi-
49 tional pension), and employee retirement savings
50 accounts 401(k). Oppose proposed legislation that
51 makes it easier for companies to convert traditional
52 defined benefit plans into simple savings plans

53
54 3 Seek additional funding for the Security Ex-
55 change Commission, and seek SEC reforms that
56 would include more stringent regulation of account-
57 ing and other corporate behavior, stiffer penalties,
58 stronger authority and oversight through federal
59 regulatory agencies, and more vigorous auditing
reforms.

4. Support the licensing challenge of OC Inc. (Of-
fice of Communications, Inc.) at the Federal Com-
munications Commission, which has called into
question the legitimacy of the post-bankruptcy
WorldCom's operations by citing its past history
of operating outside the public good.

5. Support UCC members who work for corporate
accountability with their employer and who seek a
business model in which a corporation exists to
benefit all its stakeholders (employees, communi-
ties, the environment, all shareholders, and the
public). Support all management and workers for
whom corporate social responsibility is just as im-
portant a value as corporate profitability

6 Support legislation requiring companies to ex-
pense stock options, seek stricter laws to regulat-
ing sales of stock by directors, and advocate for
policies that will decouple executive compensation
from stock options and stock price.

7. Support legislation limiting the ability of com-
panies to use offshore subsidiaries to shelter tax
payments or to avoid transparency of information
needed to monitor corporate behavior.

8 Seek legislation that will overhaul accounting
standards.

9. Seek to extend campaign-finance reform beyond
the Shays-Meehan Bipartisan Campaign Finance
Reform Act of 2002, and help congregations par-
ticipate in national discussions on democracy to
stem corporate influence in Washington, D C.

10. Lift up existing Humphrey-Hawkins legisla-
tion requiring full employment and advocate for
unemployment compensation reform that will pro-
vide higher and more lengthy benefit levels to a
larger share of workers. Promote measures that will
help transition workers who have been laid off in
the current wave of corporate mismanagement and
fraud.

11. Seek legislation to adequately fund the Federal
Pension Benefit Guaranty Corporation, which is
dangerously close to running out of money as the
federal government has been called on to bail out
unfunded pension commitments of bankrupt com-
panies.

Funding for the implementation of this resolution
will be made in accordance with the overall man-
dates of the affected agencies and the funds avail-
able

*Resolution of Witness Requires a 2/3 vote for pas-
sage*

Certificate of Service

I, Dina Etemadi, a secretary with the law firm of Womble Carlyle Sandridge & Rice, PLLC, do hereby certify that a true and correct copy of the foregoing Petition to Deny was served by U.S. mail, first class, postage-prepaid on the 8th day of August, 2003, on the following individuals:

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Dina Etemadi

* Via Hand Delivery